

179271
S.A.

WILLOUGHBY & HOEFER, P.A.

ATTORNEYS & COUNSELORS AT LAW
930 RICHLAND STREET
P.O. BOX 8416
COLUMBIA, SOUTH CAROLINA 29202-8416

MITCHELL M. WILLOUGHBY
JOHN M.S. HOEFER
ELIZABETH ZECK*
PAIGE J. GOSSETT
RANDOLPH R. LOWELL
K. CHAD BURGESS
NOAH M. HICKS II**
M. McMULLEN TAYLOR
BENJAMIN P. MUSTIAN

*ALSO ADMITTED IN TX
**ALSO ADMITTED IN VA

VIA HAND-DELIVERY

The Honorable Charles L.A. Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

RE: Application of United Utility Service, Inc. to Transfer the Gem Lakes
Subdivision to the City of Aiken

Dear Mr. Terreni:

Enclosed for filing are the original and ten (10) copies of the Application of United Utility Companies, Inc., in the above-referenced matter. Also enclosed you will find the Applicant's proposed notice of filing. By copy of this letter, I am serving a copy of these documents upon the Executive Director of the Office of Regulatory Staff and the Solicitor for the City of Aiken and enclose a Certificate of Service to that effect.

I would appreciate your acknowledging receipt of this Application and Certificate by date-stamping the extra copies that are enclosed and returning it to me via our courier.

If you have any questions or if you need any additional information, please do not hesitate to contact us.

Sincerely,

WILLOUGHBY & HOEFER, P.A.



Benjamin P. Mustian

BPM/amw
Enclosures

cc: Honorable C. Dukes Scott
Richard Pierce, Esquire

RECEIVED
5/2/06
ted

AREA CODE 803
TELEPHONE 252-3300
TELECOPIER 256-8062

RECEIVED

MAY 02 2006

PSC SC
DOCKETING DEPT.

SC PUBLIC SERVICE
COMMISSION

2006 MAY -2 PM 12:14

RECEIVED

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NO. _____ -W/S

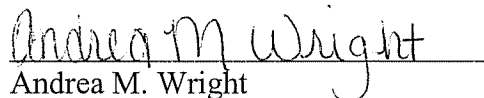
IN RE:)
)
Application of United Utility)
Companies, Inc. for Approval)
of the Transfer of its Sewer Utility)
System and Territory Serving the)
Gem Lakes Subdivision in)
Aiken County to the City of)
Aiken)
_____)

CERTIFICATE OF SERVICE

This is to certify that I have caused to be served this day one (1) copy of the Application and Applicant's proposed notice of filing by placing same in the care and custody of the United States Postal Service with first class postage affixed thereto and addressed as follows:

Honorable C. Dukes Scott
Executive Director
Office of Regulatory Staff
Post Office Box 11263
Columbia, South Carolina 29211

Richard L. Pearce, Esquire
Staff Attorney
City of Aiken
Post Office Box 1177
Aiken, South Carolina 29803


Andrea M. Wright

Columbia, South Carolina
This 2nd day of May, 2006.

RECEIVED
2006 MAY -2 PM 12:14
SC PUBLIC SERVICE
COMMISSION

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKETING DEPARTMENT

NOTICE OF FILING

DOCKET NO. 2006-____-S

UNITED UTILITY COMPANIES, INC. – APPLICATION FOR APPROVAL OF THE TRANSFER OF ITS SEWER UTILITY SYSTEM AND TERRITORY SERVING THE GEM LAKES SUBDIVISION IN AIKEN COUNTY TO THE CITY OF AIKEN

Pursuant to S.C. Code Ann. § 58-5-210 (1976) and 26 S.C. Code Ann. Regs. 103-704 (Supp. 2005), United Utility Companies, Inc. ("UUC") has filed an Application with the Public Service Commission of South Carolina (the Commission) for approval of a proposed transfer of the Company's sewer utility system and territory serving the Gem Lakes subdivision in Aiken County to the City of Aiken..

In support of its Application, UUC asserts, among other things, that the public interest will be served by a transfer of this system to the City of Aiken because customers have approved the transfer by referendum and because by combining collection and treatment portions of sewer services, as well as utilizing the municipality's existing infrastructure, the City of Aiken will be able to reduce costs to the average consumer.

A copy of the Application is on file in the offices of the Public Service Commission of South Carolina, 101 Executive Center Drive, Synergy Business Park, Columbia, South Carolina 29210, the Commission's website at www.psc.sc.gov and is available from John M.S. Hoefer, Esquire, Willoughby & Hoefer, P.A., Post Office Box 8416, Columbia, South Carolina 29202.

A public hearing, if scheduled, will be held in Columbia, South Carolina in the offices of the Commission at the above address, for the purpose of receiving testimony and other evidence from all interested parties regarding this Petition. The time and date of this hearing will be furnished to all interested parties at a later date.

Any person who wishes to testify and present evidence at a hearing concerning these matters should notify, in writing, the Docketing Department at the address below, the Office of Regulatory Staff, Post Office Box 11263, Columbia, South Carolina 29211 and John M. S. Hoefer, Esquire, Willoughby & Hoefer, P.A., Post Office Box 8416, Columbia, South Carolina 29202-8416 on or before _____. ***Please refer to Docket No. 2006-____-S.***

Any person who wishes to participate in this matter, as a Party of Record with the right of cross-examination, should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure, on or before _____, and indicate the amount of time required for his presentation. Please include an email address for receipt of future Commission correspondence in the Petition to Intervene. ***Please refer to Docket No. 2006-____-S.***

Any person who wishes to be notified of the hearing, but does not wish to present testimony or be a party of record, may do so by notifying the Docketing Department, in writing, at the address below on or before _____. ***Please refer to Docket No. 2006-____-S.***

PLEASE TAKE NOTICE: Any person who wishes to have his or her comments considered as part of the official record of this proceeding **MUST** present such comments, in person, to the Commission during the hearing.

Persons seeking information about the Commission's Procedures should contact the Commission in Columbia at 803-896-5100.

Public Service Commission of South Carolina
Attn: Docketing Department
Post Office Drawer 11649
Columbia, SC 29211

_____, 2006

RECEIVED
2006 MAY -2 PM 12:1
SC PUBLIC SERVICE
COMMISSION

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2006- 130 -S

In Re:)
)
Application of United Utility)
Companies, Inc. for Approval)
of the Transfer of its Sewer Utility)
System and Territory Serving the)
Gem Lakes Subdivision in)
Aiken County to the City of)
Aiken)
_____)

APPLICATION

United Utility Companies, Inc. ("Applicant" or "UUC"), pursuant to S.C. Code Ann. § 58-5-210 (1976) and 26 S.C. Code Ann. Regs. R. 103-704 (Supp. 2005), and other applicable rules and regulations of the Public Service Commission of South Carolina (the "Commission"), hereby applies for approval of the transfer of its sewer utility system and territory serving the Gem Lakes Subdivision ("Gem Lakes") in Aiken County to the City of Aiken ("City"). In support of its Application, Applicant would respectfully show unto this Honorable Commission as follows:

1. UUC is a South Carolina corporation, which is authorized to provide water and sewer services to the public for compensation in certain portions of South Carolina, including sewer service in Gem Lakes.¹ UUC's current schedule of rates and charges for all portions of its service area other than Gem Lakes, was approved in Commission Order No. 2004-254, Docket

¹ In addition to Aiken County, UUC is also authorized to provide water and/or sewer service in portions of Anderson, Cherokee, Greenwood, Greenville, Oconee, Spartanburg and Union counties. However, and as the Commission is aware, UUC has filed with the Commission a petition in Docket No. 2006-122-S, dated April 21, 2006, to relinquish its Oconee County service area established in Order No. 2001-1106, issued in Docket No. 2001-

No.2000-210-W/S, dated May 12, 2004. Pursuant to Commission Order No. 2004-465 in Docket Nos. 2003-250-S and 2004-95-S, UUC has interconnected its sewer system serving Gem Lakes and these customers currently pay the UUC monthly sewer collection only rate established by the Commission in Order No. 2004-454, dated September 30, 2004, which is \$24.66 in addition to the bulk rate imposed by the City of Aiken. UUC's operations are subject to the jurisdiction of the Commission pursuant to S.C. Code Ann. §§ 58-5-10, *et. seq.* (1976, as amended).

2. The City is a political subdivision as provided for under S.C. Const. art. VIII, §1 and a municipality as provided for under S.C. Const. art. VIII, 9. Among its powers and functions, it is authorized to provide sewage service both within and without its corporate limits. See, *e.g.*, S.C. Code Ann. §§ 5-7-60, 5-31-610, 5-31-810 and 5-31-890 (2004).

3. All communications or inquiries regarding this Application should be directed as set forth below:

APPLICANT'S REPRESENTATIVE:

Mr. Steven M. Lubertoizzi
Vice President
Regulatory Matters
Utilities, Inc.
2335 Sanders Road
Northbrook, Illinois 60062-6196

LEGAL COUNSEL:

John M.S. Hoefer, Esquire
Benjamin P. Mustian, Esquire
Willoughby & Hoefer, P.A.
Post Office Box 8416
Columbia, South Carolina 29202-8416

4. On November 28, 2005, the City adopted a resolution approving the acquisition of Applicant's Gem Lakes system. A certified true copy of this resolution is attached hereto and incorporated herein by reference as Exhibit "A". Under the terms of the agreement contemplated by the resolution, the City would, *inter alia*, assume the responsibility for providing sewer service to Gem Lakes and the Company would assume responsibility for the elimination of its treatment facilities. Thereafter, in pursuance of statutory requirements, the City conducted a referendum on March 28, 2006, in which the question of the City's acquisition of the Company's Gem Lakes sewer system was put to the City's electors. By a vote of four hundred sixty (460) in favor and twenty-nine (29) opposed, the question was passed. A certified true copy of the results of this referendum are attached hereto and incorporated herein by reference as Exhibit "B".

5. In light of the above-described circumstances, UUC and the City have negotiated a contract ("the Agreement") whereby the City will, subject to the approval of this Commission and the South Carolina Department of Health and Environmental Control ("DHEC"), acquire the sewer utility collection and transportation facilities and territory presently held by UUC in Gem Lakes. A copy of the Agreement, and an Addendum thereto reflecting the adoption of the resolution and passage of the referendum described in paragraph 4 hereof, is attached hereto and incorporated herein by reference as Exhibit "C".

6. If the within Application is granted, customers in UUC's Gem Lakes service territory will initially be charged for sewer service in accordance with the City's presently approved residential rate schedule, which is shown on Exhibit "D" attached hereto and incorporated herein by reference. As is also reflected on Exhibit "D," the application of the City's current rates to UUC's Gem Lakes customers will result in a decrease in monthly sewer

charges based upon the average monthly water consumption by said customers of six thousand three hundred seventy-six (6,376) gallons, or eight hundred fifty-two (852) cubic feet.

7. UUC submits that the proposed transfer is in the public interest. By combining collection and treatment portions of sewer services, as well as utilizing the municipality's existing infrastructure, the City of Aiken will be able to reduce costs to the average consumer. On average, customers who are annexed in the City of Aiken will realize monthly savings of \$27.96. Customers who remain outside the city limits will save on average \$7.29.

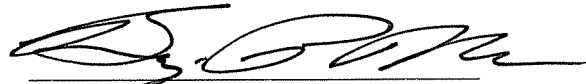
8. Closing of the Agreement is expressly contingent, among other things, upon Applicant obtaining the approval of the Commission to transfer its sewer collection and transportation facilities and territory to the City. No transfer of any assets has occurred, nor shall any such transfer occur, unless and until such time as approval is obtained.

9. Based upon the foregoing, Applicant submits that it is in the best interest of the customers within UUC's Gem Lakes service area and the public that this Commission approve the transfer described hereinabove.

WHEREFORE, having fully set forth its Application, UUC respectfully requests that the Commission:

- a. Waive the requirement for hearing on this Application after notice if no intervention arises therefrom;
- b. Approve the transfer to the City of the sewer utility collection and transportation system and territory presently held by Applicant in Gem Lakes; and
- c. Grant Applicant such other and further relief as is just and proper.

[SIGNATURE PAGE FOLLOWS]



John M.S. Hoefer

Benjamin P. Mustian

Willoughby & Hoefer, PA

Post Office Box 8416

Columbia, South Carolina 29202-8416

803-252-3300

Attorneys for Applicant

Columbia, South Carolina
This 1st day of May, 2006.

Counsel of Record for
the City of Aiken:

Richard L. Pearce, Esquire
Staff Attorney

City of Aiken

Post Office Box 1177

Aiken, South Carolina 29803

RESOLUTION

**A RESOLUTION AUTHORIZING THE PURCHASE OF THE GEM LAKES SEWER
SYSTEM FROM UNITED UTILITY COMPANIES, INC.**

WHEREAS, United Utility Companies, Inc., owns the Gem Lake Estates sewer system near the Southside of Aiken; and

WHEREAS, United Utility Companies, Inc. has offered to sell this sewer system to the City of Aiken for the total consideration of Eight Hundred Thousand and No/100 (\$800,000.00) Dollars; as described in the terms of the attached memo; and

WHEREAS, this sewer property has been identified by the Aiken City Council as suitable for a special election for a vote by City of Aiken residents and is in the best interests of the City of Aiken and its citizens for the City to purchase it, to aid in annexing this area of the city, and promote the health, safety, and welfare of the citizens of Aiken; and

WHEREAS, it has been determined that the purchase price recited above represents the fair market value of this system;

NOW, THEREFORE, BE IT RESOLVED by the Aiken City Council, that the Mayor be empowered to execute any and all documents necessary to effect the purchase of this sewer system, under these terms, with all those persons or entities who hold ownership in these parcels.

ADOPTED by the Council of the City of Aiken at regular meeting held this 28th day of November, 2005, at which a quorum was present and voting.

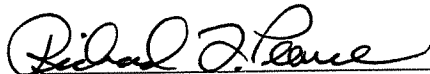
CITY OF AIKEN, SOUTH CAROLINA



By: Fred B. Cavanaugh

Its: Mayor

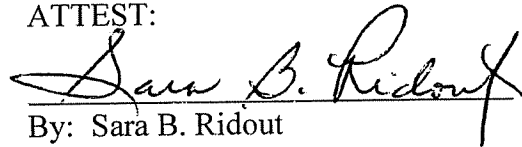
APPROVED:



By: Richard L. Pearce

Its: City Staff Attorney

ATTEST:



By: Sara B. Ridout

Its: City Clerk

I:\Ordinances\Resolution-Gem Lake Estates Sewer System Purchase 2005-11-28.doc

I certify that this is a true and correct copy of a resolution adopted by the Aiken City Council on November 28, 2005.


Sara B. Ridout
City Clerk

THE CITY OF AIKEN

Memorandum

Date : April 10, 2006
To : City Council
From : Municipal Election Commission
Subject: Special Election

On Tuesday, March 28, 2006, the City of Aiken conducted a special election. The purpose of the election was to determine if the City of Aiken should purchase the sewer system currently owned and operated by United Utility Companies, Inc. of Illinois, for the benefit of the residents of Gem Lakes Estates. The residents of Gem Lakes Estates will repay the city through a monthly surcharge of \$21-\$23.


The results of the election are as follows:

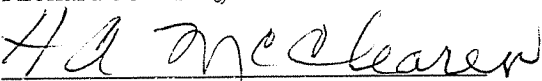
With 489 votes cast

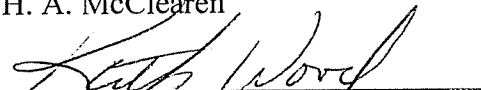
In favor of the referendum	460 votes
Opposed to the referendum	29 votes

We hereby certify the passing of the referendum.

Respectfully submitted
Municipal Election Commission



Richard Johnson, Jr. – Chairman


H. A. McClearen


Keith R. Wood

I:\Elections\Election Report 2006-04-10.doc

I certify that this is a true and correct copy of the election report made to the Aiken City Council on April 10, 2006.


Sara B. Ridout
City Clerk

VOTES TABULATED BY PRECINCTS

		<u>Votes</u>
Precinct	1	30
Precinct	2	7
Precinct	3	4
Precinct	4	2
Precinct	5	11
Precinct	6	19
Precinct	13	0
Precinct	16	0
Precinct	20	13
Precinct	22	0
Precinct	35	4
Precinct	46	5
Precinct	47	9
Precinct	52	13
Precinct	53	28
Precinct	60	291
Precinct	66	9
Precinct	69	8
Precinct	70	15
Precinct	72	2
Absentee		19

SUMMARY REPORT

CITY OF AIKEN, SC
MUNICIPAL REFERENDUM
MARCH 28, 200~~6~~⁷

OFFICIAL RESULTS

RUN DATE:03/29/06 03:12 PM

VOTES PERCENT

PRECINCTS COUNTED (OF 25)	21	84.00
REGISTERED VOTERS - TOTAL	17,632	
BALLOTS CAST - TOTAL	489	
VOTER TURNOUT - TOTAL		2.77

REFERENDUM QUESTION

Vote for 1

In favor of the question	457 ⁴⁶⁰	94.42	460
Opposed to the question	27 ²⁹	5.58	29

AGREEMENT

THIS AGREEMENT is made and entered into this 25 day of Apr 1, 2006,
between UNITED UTILITY COMPANIES, INC., a South Carolina corporation, (referred to as
“UUC” or “Utility”) and the CITY OF AIKEN, a body politic and a political subdivision of the
State of South Carolina (referred to as “City”).

WHEREAS, Utility owns and operates, pursuant to a certificate of public convenience and necessity issued by the Public Service Commission of South Carolina (“PSC”) a wastewater collection, treatment and disposal system serving the Gem Lakes Subdivision (“UUC System”), as shown on the drawing attached hereto and incorporated herein by reference as Exhibit A; and

WHEREAS, the City owns and operates a wastewater collection, transportation and treatment system (“City System”) that provides sanitary sewer service to areas both within and without the corporate limits of the City, including a certain unincorporated portion of Aiken County adjacent to the Gem Lakes Subdivision, also as shown on Exhibit A hereto; and

WHEREAS, as contemplated by that certain Order No. 2004-465 issued by the PSC on October 5, 2004 in Docket Nos. 2003-250-S and 2004-95-S, and pursuant to the terms and conditions of the August 20, 2003 bulk service agreement between South Carolina Utilities, Inc. and the City (to which agreement UUC has succeeded as a result of the merger ordered by the PSC in the above-referenced order) approved therein, UUC is in the process of constructing facilities to interconnect the UUC System to the City System for purposes of obtaining bulk

sewer treatment service from the City, the result of which will be that UUC will eliminate the wastewater treatment and disposal components of the UUC System but will continue to provide wastewater collection and transportation services to its customers using the remaining components of the UUC System; and

WHEREAS, the City now desires to acquire from UUC the collection and transportation components of the UUC System and the interconnection facilities now constructed or being constructed so that the City will become the sole provider of sanitary sewer service to residents of the Gem Lakes subdivision; and

WHEREAS, UUC is willing to convey the collection and transportation components of the UUC System and the aforementioned interconnection facilities to the City subject to certain terms and conditions,

NOW, THEREFORE, for and in consideration of these recitals, the mutual covenants and promises of the parties hereto, and the compensation to be paid by the City to UUC as hereinafter set forth, it is hereby agreed between the parties as follows:

1. **Definitions.**

Wherever used in this Agreement, the following terms shall have the definitions shown below:

(a) Agreement: This Agreement.

(b) City Facilities: The portion of the City System consisting of the wastewater transportation facilities owned by the City which are adjacent to the UUC System, as more particularly shown on Exhibit A, and to which the interconnection of the UUC System contemplated under PSC Order No. 2004-465 is being made or will be made.

(c) UUC Facilities: The portion of the UUC System consisting of the wastewater collection and transportation facilities serving the Gem Lakes subdivision, as more particularly shown on Exhibit A, which are to be interconnected with the City System under PSC Order No.2004-465.

(d) UUC Wastewater Treatment and Disposal Plant: The portion of the UUC System consisting of the wastewater treatment plant and the spray irrigation system owned and operated by UUC and serving the Gem Lakes Subdivision.

(e) Interconnection Facilities: Those certain facilities under construction, already constructed, or to be constructed, to interconnect the UUC Facilities to the City System, as contemplated under that certain South Carolina Department of Health and Environmental Control ("SCDHEC") Construction Permit No. 31135-WW, issued May 24, 2005.

2. **Transfer of UUC Facilities and Interconnection Facilities.**

In exchange for the consideration to be given by the City as set forth here, UUC agrees to convey to the City the UUC Facilities, the Interconnection Facilities and any easements held by UUC related thereto. The UUC Facilities shall include all lines, laterals, mains, manholes, lift stations, and any other associated plant owned by UUC serving the Gem Lakes Subdivision other than the UUC Wastewater Treatment and Disposal Plant. The Interconnection Facilities shall include all of the lines, laterals, mains, lift stations and any other associated plant installed, or to be installed, necessary to interconnect the UUC Facilities to the City System. No Party, interested entity or person, or any court with jurisdiction over this Agreement shall construe any provision here, nor consider in any manner that the payment of the recited consideration constitutes an assumption by the City of any mortgage, financing statement, lien, assessment,

fine, penalty, or any other type obligation by UUC, its successors and assigns to any other entity. UUC, its successors and assigns specifically hold City harmless from any and all of these obligations existing or pending as of the date of this agreement, or later accruing. As part of this conveyance, UUC shall provide City with all drawings and maps in its possession.

3. **Disconnection and Elimination of UUC Wastewater Treatment and Disposal Plant.**

It is further agreed that the UUC Wastewater Treatment and Disposal Plant shall be disconnected, in compliance with all applicable federal, state, and local abatement, disconnection, demolition, and disconnection laws, regulations, and rules, from the UUC Facilities at UUC's sole responsibility and expense upon completion of the Interconnection Facilities and initiation of wastewater collection and treatment service by the City to residents of the Gem Lakes Subdivision. UUC will eliminate, or cause to be eliminated, in compliance with all applicable abatement and elimination laws, rules, and regulations, the Wastewater Treatment and Disposal Plant after it is disconnected to the extent required by SCDHEC and the City shall bear no responsibility in this regard.

4. **Consideration.**

In consideration for the transfer of the UUC Facilities, the Interconnection Facilities and any easements associated therewith, the City shall pay to UUC the sum of Eight Hundred Thousand and no/100ths Dollars (\$800,000.00).

5. **Conveyance of UUC Facilities.**

(a) The UUC Facilities, Interconnection Facilities and any associated easements are to be transferred to the City by UUC on a where is, as-is basis via appropriate written instruments of conveyance which comply with South Carolina law and recordation requirements.

(b) UUC shall transfer all parts of the UUC Facilities or Interconnection Facilities which may constitute real property, or an interest therein, including easements, by all legal documents necessary to effect transfer of all of UUC interests in this system to the City of Aiken in a form suitable for recording in Aiken County, and with any required recording stamps affixed. UUC shall transfer all personal property forming any part of the UUC Facilities or Interconnection Facilities by proper bill of sale and all other necessary legal paperwork. City shall conduct an examination of the title to the property to be so conveyed. Upon discovery of any defects in this title which prevent conveyance, UUC may be provided the opportunity to correct any defects revealed by this title examination, or the City in its sole discretion may cancel this Agreement instead.

6. **Ownership, operation and maintenance of UUC Facilities and Interconnection Facilities; Interim Operation.**

(a) Upon and after closing of the transfer contemplated hereunder, the City shall own and be solely responsible for the operation and maintenance of the UUC Facilities and the Interconnection Facilities and the provision of sanitary sewer service in the Gem Lakes Subdivision.

(b) It is agreed that, in the interim period between the execution of this Agreement and the closing of the transfer contemplated hereunder, UUC shall operate the UUC Sewer System and continue to provide sanitary sewer service to the residents of Gem Lakes Subdivision. During said interim period, UUC shall operate the UUC Sewer System in the ordinary course of business, charging UUC's current rates, as authorized by SCPSC.

7. **Closing; User Charges.**

Closing shall occur at a mutually agreeable place and time, but not later than thirty (30) days after the last of the approvals required under paragraph 9 below is obtained. From and after the date upon the closing of the transfer contemplated hereunder, the City shall charge to the persons currently served by the UUC Sewer System the rates and capital charges set forth in Exhibit B attached to this agreement and incorporated by reference for sewer service. Any customers of UUC as of date of closing shall not be required to pay any additional tap fee to City as a result of this transfer. UUC shall provide City with a current customer list, complete with customer names, billing addresses, service addresses, and working phone numbers as of the date of the closing of this sale and system purchase.

8. **Default.**

In the event of default on any term of this Agreement by either party hereto, the damaged party shall have the right to recover all costs and damages incurred as a result of the default, including reasonable attorney fees. This remedy is in addition to, and not in lieu of, any other remedy which may be available at law or in equity.

9. **Contingency.**

The party's obligations hereunder shall be contingent upon the approval of the terms and conditions hereof by the PSC , the Aiken City Council via appropriate action and after a public hearing, a special election as provided by South Carolina Code Section 5-31-620, and all other applicable sections to these type matters, and SCDHEC. UUC shall use its best efforts to secure such approval from the PSC and the City shall use its best efforts to secure such approval from SCDHEC, with each to bear the expenses related to obtaining such approvals. Applications for such approvals must be filed with the respective agencies no later than thirty (30) days from the date hereof. Upon issuance of a final order from either SCPSC or SCDHEC disapproving of the

proposed transfer, the parties will be deemed to have fully performed their obligations to seek such approvals. The parties agree to fully cooperate with one another in obtaining such approvals.

10. **Notices.**

Any notice, demand, or other communication which either party shall desire or be required to give pursuant to the provisions of this Agreement shall be in writing and shall be deemed to be served when delivered personally or deposited in the United States mail, registered or certified, postage prepaid, return receipt requested, and addressed as follows:

To UUC:	Ms. Lisa Crossett Vice President of Operations Utilities, Inc. 2535 Sanders Road Northbrook, Illinois 60062-6196
Copy to:	Willoughby & Hoefer, P.A. Post Office Box 8416 Columbia, South Carolina 29202-8416
To the City:	Mr. Larry G. Morris, P.E. Engineering and Public Works Director City of Aiken Post Office Box 1177 Aiken, South Carolina 29802 Roger P. LeDuc City Manager City of Aiken PO Drawer 1177 Aiken, SC 29802

or to such other address as any party may, by proper notice, request.

11. **Captions.**

The captions and subject headings of the numbered Articles and Sections of this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof. No meaning or import shall attach to the inclusion or exclusion of captions and/or subject headings for the numbered articles and sections of this Agreement.

12. **Governing Law.**

This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina. Any existing controversy under this agreement is subject to arbitration under the South Carolina Uniform Arbitration Act found in South Carolina Code Section 15-48-10, *et seq.*

13. **Severability.**

Should any one or more of the provisions of this Agreement be determined to be invalid, unlawful or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby. This Agreement shall be binding on the Parties, their successors and assigns, whether by merger, consolidation, conveyance, or other action.

14. **Waivers.**

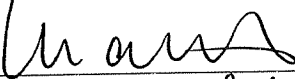
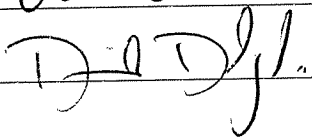
The failure of any party at any time or times to require performance of any provision of this Agreement shall in no manner affect its right to enforce that provision. No waiver by any party of any condition of this Agreement or the breach of any term, covenant, or warranty of this agreement, whether by conduct or otherwise, in any one or more instances shall not be construed or deemed to be a further or continuing waiver of any such condition or breach or waiver of any other condition or breach.

15. **Complete Agreement.**


This Agreement represents the complete, sole and entire Agreement between the parties covering the subject matter hereof and any pre-existing or contemporaneous representations, agreements or understandings – whether written or oral – are hereby declared null, void and of no effect. This Agreement may not be amended or modified in any way unless and until such amendment or modification is executed with the same formality as this Agreement.

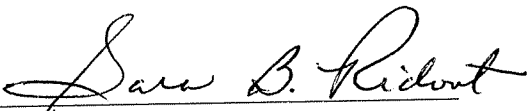
IN WITNESS WHEREOF, the parties have hereunto set their hand and affixed their seals as of the day and year first above written.

WITNESSES/ATTEST:





UNITED UTILITY COMPANIES, INC.


BY: Jim Camaren
ITS: Chairman & CEO


Susan L. Mimmie

CITY OF AIKEN


BY: Fred B. Cavanaugh
ITS: Mayor

STATE OF SOUTH CAROLINA)
)
COUNTY OF AIKEN)

ADDENDUM

THIS ADDENDUM is made and entered into this 25 day of April, 2006, between UNITED UTILITY COMPANIES, INC., a South Carolina corporation, (referred to as "UUC" or "Utility") and the CITY OF AIKEN, a body politic and a political subdivision of the State of South Carolina (referred to as "City").

WITNESSETH:

WHEREAS, Utility and City have entered into that certain Agreement dated April 25, 2006, providing for the sale by Utility and purchase by City of a wastewater collection, treatment and disposal system owned by UUC and serving the Gem Lakes Subdivision ("UUC System"), a copy of which is attached hereto and incorporated herein by reference as Exhibit A ("Agreement"); and

WHEREAS, whereas paragraph 9 of the Agreement contains contingencies pertaining to the approval of the Agreement by the City's governing body, the Aiken City Council, and the electorate in a special election to be held pursuant to S.C. Code Ann. §5-31-620 (2004); and

WHEREAS, the aforementioned contingencies have been satisfied and the parties wish to memorialize that fact for purposes of submitting the Agreement to the Public Service Commission and the Department of Health and Environmental Control as required under said paragraph 9 of the Agreement,

NOW, THEREFORE, it is hereby agreed between the parties as follows:

1. In accordance with paragraph 15 thereof, the Agreement is amended to the extent that the contingencies contained in paragraph 9 pertaining to affirmative action by the

Aiken City Council and the electorate of the City are acknowledged to have been satisfied and that such actions no longer constitute contingencies of the Agreement.

2. Except to the extent amended hereby, the Agreement remains unchanged and the remaining terms and conditions thereof continue in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hand and affixed their seals as of the day and year first above written.

WITNESSES/ATTEST:

W. W. W.
D. D. D.

UNITED UTILITY COMPANIES, INC.

J. Canare
BY: Jim Canare

ITS: Chairman & CEO

Lane B. Ridout
Susan L. Mimmie

CITY OF AIKEN

Fred B. Cavanaugh
BY: Fred B. Cavanaugh

ITS: Mayor

Water & Sewer Rates

IN EFFECT JULY 1, 2003

Fixed Minimum Charge Based on Water Meter Size	Water Charge	Sewer Charge
5/8 and 3/4 inch	4.96	\$ 7.35
1 inch	8.04	12.48
1 1/4 inch	12.89	20.57
1 1/2 inch	15.10	24.23
2 inch	23.93	38.92
3 inch	44.67	73.46
4 inch	75.56	124.88
6 inch	146.16	242.40
8 inch	230.11	389.31

In Addition to the Fixed Minimum Charges:

Water Consumption Charges Inside City Limits		
Volume of Consumption	Charge Per 100 Cu. Ft. (Billing Months)	
	Jan. - May Nov.- Dec.	June - Oct.
Residential		
0 - 500 cubic feet	\$0.76	\$0.76
501 - 1,000 cubic feet	0.90	0.90
1,001 - 2,500 cubic feet	1.04	1.21
All Above - 2,500 cubic feet	1.20	1.37
Non-Residential		
0 - 1,000 cubic feet	\$0.97	\$0.97
1,001 - 10,000 cubic feet	0.90	1.03
10,001 - 100,000 cubic feet	0.83	0.95
All Above - 100,000 cubic feet	0.76	0.76
(Sewer Consumption Charges based on consumption, \$1.48 per 100 cubic feet.)		
Monthly Water and Sewer Charges for those Outside City Limits		
Inside city residents are granted a 50% discount on the monthly fixed minimum charge and monthly consumption charges, except that such charges for industrial facilities located in the Verenes Industrial Park are the same as those for customers inside the city limits.		

UUC's Rates

\$48.63

(\$24.66 collection charge + \$23.97 bulk service treatment charge)

City of Aiken Rates (Residential Sewer)

Base Charge = \$7.35

Charge per 100 Cubic Ft. = 1.48

City of Aiken Sewer Rates

Base Charge	Price per 100 cubic ft		Cubic feet	Total Bill		UUC Rate
	Inside City Limit Rate	Outside City Limit Rate		Inside City Limit Rate	Outside City Limit Rate	
\$7.35	\$1.48	\$2.96	100	\$8.83	\$17.66	\$48.63
\$7.35	\$1.48	\$2.96	200	\$10.31	\$20.62	\$48.63
\$7.35	\$1.48	\$2.96	300	\$11.79	\$23.58	\$48.63
\$7.35	\$1.48	\$2.96	400	\$13.27	\$26.54	\$48.63
\$7.35	\$1.48	\$2.96	500	\$14.75	\$29.50	\$48.63
\$7.35	\$1.48	\$2.96	600	\$16.23	\$32.46	\$48.63
\$7.35	\$1.48	\$2.96	700	\$17.71	\$35.42	\$48.63
\$7.35	\$1.48	\$2.96	800	\$19.19	\$38.38	\$48.63
\$7.35	\$1.48	\$2.96	900	\$20.67	\$41.34	\$48.63
\$7.35	\$1.48	\$2.96	1000	\$22.15	\$44.30	\$48.63
\$7.35	\$1.48	\$2.96	1100	\$23.63	\$47.26	\$48.63
\$7.35	\$1.48	\$2.96	1200	\$25.11	\$50.22	\$48.63
\$7.35	\$1.48	\$2.96	1300	\$26.59	\$53.18	\$48.63
\$7.35	\$1.48	\$2.96	1400	\$28.07	\$56.14	\$48.63
\$7.35	\$1.48	\$2.96	1500	\$29.55	\$59.10	\$48.63
\$7.35	\$1.48	\$2.96	1600	\$31.03	\$62.06	\$48.63
\$7.35	\$1.48	\$2.96	1700	\$32.51	\$65.02	\$48.63
\$7.35	\$1.48	\$2.96	1800	\$33.99	\$67.98	\$48.63
\$7.35	\$1.48	\$2.96	1900	\$35.47	\$70.94	\$48.63
\$7.35	\$1.48	\$2.96	2000	\$36.95	\$73.90	\$48.63

Average Monthly Consumption per Customer = 6, 376 gallons or 852 cubic feet

1000 Gallons = 133.7 Cubic feet

100 Cubic feet = 748.1 Gallons